

any other information requested by the commission veterinarian. Detection of any unreported medication, drug, or substance; or failure to detect any permitted medication, drug or substance by the chief chemist in a test may be grounds for disciplinary action. A list of horses on a phenylbutazone program shall be kept in the office of the commission and shall be available for public inspection. [Statutory Authority: RCW 67.16.020. 78-06-001 (Order 78-1), § 260-70-170, filed 5/4/78; Order 74.1, § 296-70-170, filed 5/22/74, effective 7/1/74.]

**WAC 260-70-200 Bandages.** Only bandages authorized or approved by the paddock judge may be used on a horse during a race, and all other bandages or leg coverings shall be removed fifteen minutes prior to post time, or upon request by the paddock judge. [Statutory Authority: RCW 67.16.020. 78-06-001 (Order 78-1), § 260-70-200, filed 5/4/78; Order 74.1, § 260-70-200, filed 5/22/74, effective 7/1/74.]

### Chapter 260-84 WAC FINES AND SUSPENSIONS

#### WAC

260-84-030 Fines—When due.  
260-84-040 Repealed.  
260-84-080 Repealed.

#### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

260-84-040 Disposition. [Order 73.2, § 260-84-040, filed 6/28/73; Rules of racing, § 136, filed 4/21/61.] Repealed by 79-06-002 (Order 79-1), filed 5/4/79. Statutory Authority: RCW 67.16.020.  
260-84-080 Disposition of fines—Board of relief. [Rules of racing, § 387, filed 4/21/61.] Repealed by 79-06-002 (Order 79-1), filed 5/4/79. Statutory Authority: RCW 67.16.020.

**WAC 260-84-030 Fines—When due.** All fines shall be paid to the commission secretary within forty-eight hours after imposition. [Statutory Authority: RCW 67.16.020. 79-06-002 (Order 79-1), § 260-84-030, filed 5/4/79; Rules of racing, § 135, filed 4/21/61.]

**WAC 260-84-040 Repealed.** See Disposition Table at beginning of this chapter.

**WAC 260-84-080 Repealed.** See Disposition Table at beginning of this chapter.

### Title 261 WAC WASHINGTON STATE HOSPITAL COMMISSION

#### Chapters

261-20 Uniform system of accounting and financial reporting.

261-40 Review and approval of annual budget submittals, rates, rate schedules, other charges and changes.

### Chapter 261-20 WAC UNIFORM SYSTEM OF ACCOUNTING AND FINANCIAL REPORTING

**Reviser's note:** The "Washington State Hospital Commission Accounting and Reporting Manual" was duly filed by the Washington State Hospital Commission in accordance with the provisions of the Administrative Procedure Act by Em. Order 74-06, filed 10/1/74 and Perm. Order 74-07, filed 10/1/74. The manual includes some 400 pages of codes, charts and appendices. The Reviser has deemed it expedient to convert this accounting manual to the prescribed form and style of WAC and therefore exclude them from publication. Copies may be obtained from the Washington State Hospital Commission, 120 East Union, Olympia, Wa. 98504.

Amendments to the Washington State Hospital Commission Accounting and Reporting Manual were filed by the Washington State Hospital Commission on August 22, 1975 by Permanent Order 75-03. These amendments are likewise excluded from publication in the Code.

The specific portions of the manual amended by Order 75-03 are as follows:

Page 2420.2 (Cont. 5)	#7070 LABORATORY
Page 2420.2 (Cont. 9)	#7140 RADIOLOGY— DIAGNOSTIC
Page 2420.2 (Cont. 10)	#7150 RADIOLOGY— THERAPEUTIC
Page 2420.2 (Cont. 11)	#7160 NUCLEAR MEDICINE
Page 2420.2 (Cont. 15)	#7200 PHYSICAL THERAPY
Page 2420.5 (Cont. 1)	#8320 DIETARY
Page 2420.5 (Cont. 2)	#8330 CAFETERIA

Amendments to the commission's Accounting and Reporting Manual for Hospitals were filed by Order 79-02 and Resolution 79-03, filed 6/19/79. See also, chapter 261-40 WAC. The specific amendments and additions are listed by page number and subject as follows:

Modifying the following pages—	
Page 2210.2	Ancillary Service Revenue
Page 2210.3	Ancillary Service Revenue
Page 2220.2	Ancillary Service Revenue
Page 2220.3	Ancillary Service Expense
Page 2220.7	Administrative Services
Page 2420.2 (Cont. 5)	#7070 LABORATORY
Page 2420.2 (Cont. 6)	#7080 PULMONARY FUNCTION (Combined with #7180 RESPIRATORY THERAPY)
Page 2420.2 (Cont. 8)	#7110 ELECTRODIAGNOSIS
Page 2420.2 (Cont. 9)	#7140 RADIOLOGY— DIAGNOSTIC
Page 2420.2 (Cont. 16)	#7211 OCCUPATIONAL THERAPY
Page 2420.7 (Cont. 9)	#8710 HEALTH CARE REVIEW
Page 5110 (Cont. 2)	TABLE OF STANDARD UNITS OF MEASURE
Page 5110 (Cont. 3)	TABLE OF STANDARD UNITS OF MEASURE (Cont.)
Page 5110 (Cont. 4)	TABLE OF STANDARD UNITS OF MEASURE (Cont.)
	APPENDICES TABLE OF CONTENTS

Adding the following:

Page 2420.2 (Cont. 16-1)	#7212 SPEECH PATHOLOGY
Page 2420.2 (Cont. 16-2)	#7213 RECREATIONAL THERAPY
Page 2420.2 (Cont. 16-3)	#7214 ELECTROMYOGRAPHY OCCUPATIONAL THERAPY
Pages F-1 through F-7	RELATIVE VALUE UNITS

Copies of the adopted changes may be obtained from the commission's office at 206 Evergreen Plaza, 711 South Capitol Way, Olympia, Washington 98504.

### Chapter 261-40 WAC

## REVIEW AND APPROVAL OF ANNUAL BUDGET SUBMITTALS, RATES, RATE SCHEDULES, OTHER CHARGES AND CHANGES

### WAC

- 261-40-020 Applicability of this chapter.
- 261-40-140 Notice to public regarding annual budget submittal findings and recommendations and public hearing.
- 261-40-145 Hospital's response to staff findings and recommendations; written testimony from general public, time for submission.
- 261-40-150 Criteria for approval, modification, or disapproval of annual budget submittal and rates, rate schedules, other charges, and changes therein.
- 261-40-160 Approval of rates for less than full fiscal year.
- 261-40-165 Budget amendment submittals authorized—Time limitations—Presumption.
- 261-40-240 Burden of proof.

**WAC 261-40-020 Applicability of this chapter.** (1) Required commission approval of rate changes: No rate described in any hospital's annual budget submittal and approved by the commission may be changed by such hospital without applying to the commission for the approval of a rate change in accordance with the procedures set forth in this chapter.

(2) Required use of approved rates: Hospitals shall utilize only those rates that have been approved by the commission: *Provided*, That except for hospitals which have not filed such information as the commission shall require concerning the total financial needs of such hospital within the period specified in WAC 261-30-040, this subsection shall not apply if, on the effective date of any proposed rate change filed by any hospital with the commission, no order shall have been issued by the commission either suspending, approving, disapproving or modifying such proposed rate change: *Provided further*, That for any hospital concerning whose proposed rate change the commission shall have instituted proceedings as to the reasonableness of the proposed change pursuant to RCW 70.39.160(2) or (4), the period during which this subsection shall not apply due to the passage of the effective date of the hospital's proposed rate change without the commission having issued its order either suspending, approving, disapproving or modifying such proposed rate change shall extend only until the issuance by the commission of an order either approving, disapproving or modifying such proposed rate change on a prospective basis.

(3) Public hearing on initial annual budget submittal: Since no hospital will have utilized the rate concept adopted by the commission under chapter 261-30 WAC prior to preparation and submission of its initial annual budget submittal, the rates proposed therein will constitute "new" rates. As such, they will be deemed by the commission to propose a change in rates subject to commission review in a public hearing in accordance with RCW 70.39.160. [Statutory Authority: RCW 70.39.160.

79-07-030 (Order 79-02, Resolution 79-03), § 261-40-020, filed 6/19/79; Order 75-05, § 261-40-020, filed 11/10/75.]

**WAC 261-40-140 Notice to public regarding annual budget submittal findings and recommendations and public hearing.** Not less than twenty days prior to the date last set for commission consideration of a hospital's annual budget submittal, the staff shall provide notice to the general public regarding the impending hearing. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-140, filed 6/19/79; Order 75-05, § 261-40-140, filed 11/10/75.]

**WAC 261-40-145 Hospital's response to staff findings and recommendations; written testimony from general public, time for submission.** A hospital may submit to the commission a response to the staff findings and recommendations. Such response, and any written testimony from the general public submitted pursuant to WAC 261-40-140 notice, must be received in the commission's office not less than three days prior to the date last set for commission consideration of the hospital's annual budget submittal in any informal hearing. A hospital's response and any written testimony from the general public received after that date may not be considered by the commission. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-145, filed 6/19/79; Order 75-05, § 261-40-145, filed 11/10/75.]

**WAC 261-40-150 Criteria for approval, modification, or disapproval of annual budget submittal and rates, rate schedules, other charges, and changes therein.** The following criteria shall be utilized by the commission in reviewing and acting on annual budget submittals pursuant to chapter 70.39 RCW and this chapter; the weighting of each criterion listed below, however, is a matter of commission discretion:

(1) Whether the hospital's annual budget submittal and the rates, rate schedules, other charges, and changes therein:

(a) Are such that the commission can assure all purchasers of that hospital's health care services that the total costs of the hospital are reasonably related to the total services offered by that hospital;

(b) Are such that the hospital's aggregate revenues as expressed by rates are reasonably related to the hospital's aggregate costs;

(c) Are such that rates are set equitably among all purchasers or classes of purchasers of services without undue discrimination or preference.

(2) Whether the commission action will permit a non-profit hospital to render effective and efficient service in the public interest and on a solvent basis.

(3) Whether the commission action will permit a proprietary profit-making hospital to render effective and efficient service in the public interest as well as allow such hospital's shareholders a fair return based upon actual investment or, if the hospital elects, upon the fair value of the investment on July 16, 1973: *Provided*,

That, once the election is made it may not be changed without the approval of the commission.

(a) For the purposes of this subsection, "investment" is defined as the sum of the differences between a hospital's current assets and current liabilities on the one hand and long term assets and long term liabilities, on the other hand, to the extent such assets and liabilities are allowable for ratemaking.

(b) For the purposes of this subsection, the term "actual investment" shall refer to assets computed as set forth in subdivision (a) of this subsection on the basis of historical cost less accumulated depreciation.

(c) For the purposes of this subsection, the term "fair value of the investment" shall mean the result of the computation performed in subdivision (a) of this subsection on assets whose value as of July 16, 1973 is determined by means of impartial appraisal.

(4) Whether the appropriate area-wide and state comprehensive health planning agencies have recommended approval, modification, or disapproval of the annual budget submittal, or the rates, rate schedules, other charges, or changes therein.

(5) Whether the hospital's annual budget submittal and the rates, rate schedules, other charges, and changes therein will in the aggregate produce sufficient total revenue for the hospital to meet all of the reasonable obligations specified in chapter 70.39 RCW.

(6) Whether the rates, rate schedules, other charges, and changes therein contained in the hospital's annual budget submittal are reasonable.

(7) Whether the rates implemented and revenues collected by the hospital in previous budget years conformed to the applicable commission determinations for such years, according to the criteria set forth in the applicable subdivision of this subsection:

(a) For hospitals participating under types II and III of the Prospective Reimbursement Demonstration Project, and for hospitals which have been excluded from participation in the Prospective Reimbursement Demonstration Project, and for all hospitals, beginning at such time and continuing for so long as the Prospective Reimbursement Demonstration Project becomes ineffective due to interruption or termination of the project, conformance will be determined by comparing, at the end of the budget year, actual revenues for the budget year to commission-approved revenues, on the basis of either the aggregate rate per adjusted patient day, or the revenues for individual revenue centers, as either may be modified, where appropriate, for volume variance between budgeted and actual levels; such comparison shall be made using actual, rather than budgeted, deductions from revenue, and shall be subject to whichever of the qualifications contained in items (i) through (iii) of this subdivision, may be applicable to the specific budget year: *Provided*, That any hospital may submit justification for any deviation from its approved rates.

(i) For fiscal years beginning prior to January 1, 1977, hospitals shall be deemed in conformance if actual

revenues are within plus or minus three percent of approved revenues as adjusted for volume variance and actual deductions from revenue for hospitals in peer groups 1 and 2 and specialty hospitals having fewer than fifty beds, or within plus or minus one point five percent of such approved revenues as adjusted for hospitals in peer groups 3, 4 and 5 and specialty hospitals having fifty or more beds.

(ii) For fiscal years beginning January 1, 1977 through December 31, 1977, all costs will be presumed to vary with changes in patient volumes: *Provided*, That hospitals may, at their option, use the schedule of ratios of fixed costs to variable costs contained in item (iii) of this subdivision, or submit suggested ratios of fixed costs to variable costs, either in the aggregate or by revenue center, along with any other reasonable, justifying information to explain deviation from approved revenues. Upon approval by the commission, such approved ratios will be used to determine allowable revenue variance due to volume changes.

(iii) For fiscal years beginning adjusted on and after January 1, 1978, only that portion of total costs per patient day designated as variable according to the following schedule will be adjusted for variances in patient volumes:

Peer groups 1 and 2 and specialty hospitals having fewer than fifty beds; fixed costs – eighty percent, variable costs – twenty percent

Peer groups 3 and 4 and specialty hospitals having fifty or more beds; fixed costs – seventy percent, variable costs – thirty percent

Peer group 5 hospitals; fixed costs – sixty percent, variable costs – forty percent

Alternatively, the hospital may submit suggested ratios of fixed costs to variable costs, either in the aggregate or by revenue center. Upon approval by the commission, such approved ratios will be used to determine allowable revenue variance due to volume changes.

(b) For and after the fiscal year beginning July 1, 1977 of hospitals participating under type I of the Prospective Reimbursement Demonstration Project, conformance will be determined as follows:

(i) When actual rate setting revenue adjusted for actual deductions from revenue (which includes contractual allowances) is equal to or less than that approved by the commission, the hospital shall be deemed in conformance.

(ii) If a hospital is out of conformance under subparagraph (i) above, the hospital shall be subjected to year-end conformance on revenue from nonparticipating payors in accordance with the conformance criteria contained in subdivision (a) above.

(iii) When deductions from revenue are adjusted for type I hospitals at either departmental or aggregate conformance level, budgeted contractual allowances will be used when the actual contractual allowances are determined to be less than the budgeted level. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-150, filed 6/19/79; Order

77-02, § 261-40-150, filed 12/23/77; Order 75-05, § 261-40-150, filed 11/10/75.]

**WAC 261-40-160 Approval of rates for less than full fiscal year.** The commission, in its discretion, may grant approval of rates as submitted in a hospital's annual budget submittal or as modified by the commission, either for the full fiscal year of the hospital or any period less than that period. The decision and order of the commission notifying a hospital of such action shall specify the period of time within which the hospital may utilize the approved rates as well as what action (if any) must be taken by the hospital to secure commission approved rates after the specified period. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-160, filed 6/19/79; Order 75-05, § 261-40-160, filed 11/10/75.]

## PART II BUDGET AMENDMENT SUBMITTAL REVIEW PROCESS

**WAC 261-40-165 Budget amendment submittals authorized--Time limitations--Presumption.** (1) Hospitals are authorized, upon learning of facts justifying revision of their approved budgets, to submit amendments to such budgets not less than thirty days in advance of the proposed effective date of any associated proposed rate changes; amendments submitted without effective dates will be assigned effective dates falling thirty days after receipt.

(2) Within thirty days after receipt of a budget amendment submittal, the staff shall determine whether it is complete and conforms to commission regulations, policies, and instructions, and shall verify the data contained therein.

(3) The provisions of WAC 261-40-100, 261-40-105, 261-40-110, 261-40-115, 261-40-120, 261-40-125, 261-40-130, 261-40-135, 261-40-140, 261-40-145, and 261-40-150 shall apply to budget amendment submittals with the same force with which they apply to annual budget submittals.

(4) Any element of a hospital's budget amendment submittal which is not specifically identified as changed from the previously approved amount will be presumed to remain the same as previously approved. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-165, filed 6/19/79.]

**WAC 261-40-240 Burden of proof.** At any hearing involving any change in any schedule, classification, rule or regulation, the effect of which is to increase any rate theretofore charged, the burden of proof to show that such increase meets the requirements of chapter 70.39 RCW shall be upon the proponent of the increase. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-240, filed 6/19/79.]

## Title 275 WAC

### DEPARTMENT OF SOCIAL AND HEALTH SERVICES (INSTITUTIONS)

#### Chapters

275-14	Certificate of approval to a drug treatment center.
275-16	Liability for costs of care and hospitalization of the mentally ill.
275-18	Standards for certification of approval for drug treatment centers.
275-20	Costs of care of mentally deficient persons residing in state institutions.
275-25	County plan for mental health, drug abuse, developmental disabilities, alcoholism.
275-27	Bureau of developmental disabilities services and home aid resources rules.
275-32	Special supervision--County juvenile probation programs.
275-34	Diversion.
275-59	Criminally insane person committed to the care of the department of social and health services--Evaluation, placement, care and discharge.
275-76	Adult correctional institutions--Detainer.
275-82	Adult correctional institutions--Classification of residents--Administrative segregation.
275-96	Adult correctional institutions--Correspondence and telephone usage.

#### Chapter 275-14 WAC

### CERTIFICATE OF APPROVAL TO A DRUG TREATMENT CENTER

#### WAC

275-14-010 through 275-14-210 Repealed.

#### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

#### Chapter 275-14

### CERTIFICATE OF APPROVAL TO A DRUG TREATMENT CENTER

275-14-010	Purpose. [Order 657, § 275-14-010, filed 2/17/72.] Repealed by 78-08-086 (Order 1322), filed 7/28/78. Statutory Authority: RCW 69.54.040. Later promulgation, see chapter 275-18 WAC.
275-14-020	Definitions. [Order 856, § 275-14-020, filed 9/13/73; Order 673, § 275-14-020, filed 4/27/72; Order 657, § 275-14-020, filed 2/17/72.] Repealed by 78-08-086 (Order 1322), filed 7/28/78. Statutory Authority: RCW 69.54.040. Later promulgation, see WAC 275-18-020.
275-14-030	Certificate of approval. [Order 673, § 275-14-030, filed 4/27/72; Order 657, § 275-14-030, filed 2/17/72.] Repealed by 78-08-086 (Order 1322), filed 7/28/78. Statutory Authority: RCW 69.54.040. Later promulgation, see WAC 275-18-030.
275-14-035	Renewal of certificate of approval. [Order 856, § 275-14-035, filed 9/13/73.] Repealed by 78-08-086 (Order 1322), filed 7/28/78. Statutory Authority: RCW 69.54.040. Later promulgation, see chapter 275-18 WAC.